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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Loyal American Life Insurance Company
<b>TOI/Sub-TOI:</b>	H02I Individual Health - Accident Only/H02I.000 Health - Accident Only		
<b>Product Name:</b>	LY-AI-BA		
<b>Project Name/Number:</b>	LY-AI-BA/LY-AI-BA		

## Filing at a Glance

Company:	Loyal American Life Insurance Company
Product Name:	LY-AI-BA
State:	District of Columbia
TOI:	H02I Individual Health - Accident Only
Sub-TOI:	H02I.000 Health - Accident Only
Filing Type:	Rate
Date Submitted:	03/11/2014
SERFF Tr Num:	UTAC-129427776
SERFF Status:	Pending State Action
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation	
Date Requested:	
Author(s):	Denise Cox, Alycia Sumbera, Dewey Post, Ashley Heath, Victor Morales, Erica Bond, Regenia Green
Reviewer(s):	Donghan Xu (primary), Alula Selassie
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	



**State:** District of Columbia  
**TOI/Sub-TOI:** H021 Individual Health - Accident Only/H021.000 Health - Accident Only  
**Product Name:** LY-AI-BA  
**Project Name/Number:** LY-AI-BA/LY-AI-BA

**Filing Company:** Loyal American Life Insurance Company

## General Information

Project Name: LY-AI-BA  
 Project Number: LY-AI-BA  
 Requested Filing Mode: Review & Approval  
 Explanation for Combination/Other:  
 Submission Type: New Submission  
 Overall Rate Impact:  
 Status of Filing in Domicile: Pending  
 Date Approved in Domicile:  
 Domicile Status Comments: OH filed 2/25/14.  
 Market Type: Individual  
 Individual Market Type:  
 Filing Status Changed: 04/09/2014  
 State Status Changed:  
 Deemer Date:  
 Submitted By: Ashley Heath  
 Created By: Ashley Heath  
 Corresponding Filing Tracking Number:

Filing Description:

Filing Description:

Re: Loyal American Life Insurance Company  
 NAIC # 65722 FEIN # 63-0343428

### NEW POLICY FORMS DESCRIPTION

LY-AI-BA-B-DC Accident Fixed Indemnity Policy  
 LY-AI-BA.SCH.PG -DC Schedule Page  
 LY-AI-BENSCH.PG-DC Benefits Schedule Page  
 LY-AI-OC-B-DC Accident Fixed Indemnity Outline of Coverage  
 LY-AI-APP-B-DC Accident Fixed Indemnity Application

### Actuarial Memorandum Rates

The forms and rates described above are submitted for review and approval. These forms and rates are new and do not replace any forms or rates previously approved by your department.  
 The policy forms and riders described above will provide scheduled payment for covered accidents and will be sold through licensed agents.

1. The following forms have been previously submitted under a recent Lump Sum Cancer and Heart filing (UTAC-129368051) approved on 2/21/2014.

LY-LSH-RD Lump Sum Heart and Stroke Rider  
 LY-LSC-RD Lump Sum Cancer Rider  
 LY-HICU-RD Hospital and Intensive Care Unit Indemnity Benefit Rider  
 LY-HI-RD Hospital Indemnity Benefit Rider  
 LY-ICU-RD Intensive Care Unit Indemnity Benefit Rider  
 LY-ROP-D Return of Premium Rider

2. To be used with previously approved endorsement L-4465 approved on 3-7-1995.

PLEASE NOTE THAT THIS POLICY INCLUDES A BINDING ARBITRATION PROVISION.



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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Loyal American Life Insurance Company
<b>TOI/Sub-TOI:</b>	H02I Individual Health - Accident Only/H02I.000 Health - Accident Only		
<b>Product Name:</b>	LY-AI-BA		
<b>Project Name/Number:</b>	LY-AI-BA/LY-AI-BA		

The documents were prepared on a personal computer and will ultimately be printed from another data processing system that may cause some print style and/or page spacing changes. However, there will not be any changes to the actual text of the contract other than listed or bracketed variables.

If there are any questions or comments, please call me at (866) 459-4272 extension 4945, or email me at Ashley.Heath@cigna.com.

Sincerely,  
Ashley Heath  
Compliance Senior Associate  
Loyal American Life Insurance Company

## Company and Contact

### Filing Contact Information

Ashley Heath, Sr. Compliance Analyst 11200 Lakeline Blvd. Suite 100 Austin, TX 78717	Ashley.Heath@cigna.com 512-531-1539 [Phone]
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### Filing Company Information

Loyal American Life Insurance Company 11200 Lakeline Blvd., Suite 100 P.O. Box 559004 Austin, TX 78755-9004 (800) 633-6752 ext. [Phone]	CoCode: 65722 Group Code: 901 Group Name: FEIN Number: 63-0343428	State of Domicile: Ohio Company Type: Insurance Company State ID Number:
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## Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	



SERFF Tracking #:

UTAC-129427776

State Tracking #:

Company Tracking #:

State: District of Columbia

Filing Company:

Loyal American Life Insurance Company

TOI/Sub-TOI: H021 Individual Health - Accident Only/H021.000 Health - Accident Only

Product Name: LY-AI-BA

Project Name/Number: LY-AI-BA/LY-AI-BA

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Accident Fixed Indemnity Actuarial memorandum	LY-AI-BA	New		Accident Fixed Indemnity Actuarial Memorandum.pdf,
2		Accident Fixed Indemnity Annual Premium	LY-AI-BA	New		Attachment 1 Accident Fixed Indemnity Annual Premiums.pdf,
3		Accident Fixed Indemnity Payroll Deduction Annual Premiums	LY-AI-BA	New		Attachment 2 Accident Fixed Indemnity Payroll Deduction Annual Premiums.pdf,
4		Accident Fixed Indemnity Durational Loss Ratios	LY-AI-BA	New		Attachment 3 Accident Fixed Indemnity Durational Loss Ratios.pdf,



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Scope & Purpose**

The purpose of this Actuarial Memorandum is to file rates associated with the Accident Fixed Indemnity Policy Form Series LY-AI-BA. Please note that this is the initial rate filing for these forms. This memorandum includes a description of the product features underlying the product, as well as information related to the development of the premium rates. This memorandum is not intended to be used for any other purpose.

**Benefit Description**

The policy pays a fixed indemnity to covered individuals for expenses incurred as a result of a covered accident. The policy provides a pre-determined benefit amount based off of a pre-determined benefit schedule stated in the policy. Covered benefits can be categorized into the following:

- Accidental Injuries: Including surgical procedures, dislocations, fractures, burns, coma, concussions, dental work, eye injuries, paralysis and lacerations resulting from a covered accident.
- Hospital and Services: Including Hospital/ICU Admissions and Stays, Emergency Treatment, Follow-up and Rehab Treatment, Ambulance, Testing (Blood, Imaging), Appliances, Prosthetic Devices, Family Lodging and Transportation resulting from a covered accident.
- Accidental Death and Dismemberment (AD&D) resulting from a covered accident.

There are three benefit tiers - Basic, Essential and Enhanced. Scheduled benefit amounts vary by benefit tier, but the list of covered benefits is consistent across all levels of coverage.

**Underwriting**

The underwriting approach is guaranteed issue.

**Renewability**

This policy is guaranteed renewable to age 80.

**Issue Age Range**

Issue ages for this policy range from 18 to 74.

**Premium Classes**

Premium rates vary by five year issue age band, occupation class, family type (Individual, Individual & Spouse[/Domestic Partner], One-Parent Family and Family) and benefit tier. Premium rates are included within 'Attachment 1 – Accident Fixed Indemnity Annual Premiums'.

Premium rates for payroll deduction policies will vary by occupation class, family type and benefit tier. Premium rates for payroll deduction policies are included in 'Attachment 2 – Accident Fixed Indemnity Payroll Deduction Annual Premiums'.



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Morbidity**

Morbidity assumptions for this product (except for AD&D) were developed from internal affiliate company medical claim cost data, which primarily reflects the experience of employer-based medical plans. Claim costs were then adjusted to reflect expected differences for this product relative to those plans. The AD&D claim costs were developed from internal affiliate company experience for similar coverages on group insurance business, adjusted to reflect expected differences in claim costs for this product relative to those plans.

**Mortality**

Mortality used is 100% of the 2001 CSO Table, ALB.

**Persistency**

Voluntary lapse rates were developed by considering internal company experience for accident products, as well as the lapse rates for other products sold through similar distribution methods. The voluntary lapse rates used were as follows:

<b>Duration</b>	<b>Lapse</b>
1	25%
2	18%
3	14%
4	10%
5	9%
6	9%
7+	8%

The persistency rates are calculated as the complement of the voluntary lapse rates presented above.

**Interest Rate**

The interest rate assumed within pricing is 3.24%.

**Expenses, Taxes and Profit**

- Acquisition expenses are assumed to be \$25 per policy.
- Annual maintenance expenses are assumed to be \$20 per policy and 6.25% of premium. A 2% annual inflation assumption is applied to per policy maintenance expenses.
- Commissions will vary based upon the external distribution partner.
- Premium tax is assumed to be 2.0% of premium in all years.

**Area Factors**

There are no area factors for these forms. The rates will be the same throughout the state.



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Average Annual Premium**

The expected average annual premiums are \$378 for the Basic plan, \$588 for the Essential plan and \$803 for the Enhanced plan.

**Premium Modalization Factors**

<b>Premium Payment Mode</b>	<b>Electronic Funds</b>	<b>Direct Bill</b>	<b>Payroll Deduction</b>	<b>Credit Card</b>
<i>Monthly</i>	0.0850	N/A	0.0850	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

**Claim Liability and Reserves**

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

**Active Life Reserves**

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

**Trend Assumptions**

No trend has been assumed in this filing.

**Minimum Loss Ratio**

The minimum acceptable loss ratio is 55.0%.

**Anticipated Loss Ratio**

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of annual incurred benefits divided by the present value of annual premiums over the 40-year projection period. Durational loss ratios are included in 'Attachment 3 -Accident Fixed Indemnity Durational Loss Ratios'.

**Actuarial Certification**

I, Justin Somers, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.



**Loyal American Life Insurance Company  
Accident Fixed Indemnity  
Policy Form Series LY-AI-BA  
Actuarial Memorandum**

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. The rates were developed using reasonable assumptions. This actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may not be appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and if necessary, appropriate adjustments made to the premiums in a timely manner.

Submitted by:

A handwritten signature in dark ink, reading "Justin A. Somers". The signature is written in a cursive, flowing style.

Justin A. Somers, FSA, MAAA  
Fellow, Society of Actuaries  
Member, American Academy of Actuaries  
February 25, 2014



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Attachment 1 – Accident Fixed Indemnity Annual Premiums**

	Age Range	Basic Plan				Essential Plan				Enhanced Plan			
		Individual	Spouse/Domestic Partner	One-Parent Family	Family	Individual	Spouse/Domestic Partner	One-Parent Family	Family	Individual	Spouse/Domestic Partner	One-Parent Family	Family
Occ. 1	18-24	\$108.82	\$205.88	\$250.00	\$347.06	\$164.71	\$314.71	\$376.47	\$526.47	\$223.53	\$423.53	\$508.82	\$711.76
	25-29	\$111.76	\$208.82	\$252.94	\$352.94	\$167.65	\$317.65	\$382.35	\$532.35	\$226.47	\$429.41	\$514.71	\$717.65
	30-34	\$114.71	\$220.59	\$264.71	\$367.65	\$173.53	\$332.35	\$400.00	\$555.88	\$235.29	\$447.06	\$538.24	\$750.00
	35-39	\$126.47	\$238.24	\$288.24	\$400.00	\$191.18	\$364.71	\$438.24	\$608.82	\$258.82	\$491.18	\$591.18	\$823.53
	40-44	\$141.18	\$264.71	\$320.59	\$447.06	\$214.71	\$405.88	\$491.18	\$682.35	\$291.18	\$552.94	\$664.71	\$926.47
	45-49	\$158.82	\$302.94	\$364.71	\$505.88	\$247.06	\$467.65	\$561.76	\$782.35	\$335.29	\$635.29	\$764.71	\$1,064.71
	50-54	\$185.29	\$352.94	\$423.53	\$588.24	\$288.24	\$550.00	\$658.82	\$920.59	\$394.12	\$750.00	\$902.94	\$1,258.82
	55-59	\$220.59	\$417.65	\$502.94	\$702.94	\$350.00	\$661.76	\$797.06	\$1,111.76	\$479.41	\$908.82	\$1,094.12	\$1,526.47
	60-64	\$273.53	\$517.65	\$623.53	\$870.59	\$438.24	\$829.41	\$1,000.00	\$1,394.12	\$602.94	\$1,147.06	\$1,379.41	\$1,923.53
	65-69	\$355.88	\$676.47	\$811.76	\$1,132.35	\$576.47	\$1,094.12	\$1,317.65	\$1,835.29	\$800.00	\$1,517.65	\$1,826.47	\$2,547.06
	70+	\$450.00	\$852.94	\$1,026.47	\$1,432.35	\$732.35	\$1,391.18	\$1,673.53	\$2,335.29	\$1,017.65	\$1,932.35	\$2,326.47	\$3,244.12
Occ. 2	18-24	\$138.24	\$235.29	\$279.41	\$376.47	\$208.82	\$358.82	\$420.59	\$570.59	\$282.35	\$482.35	\$570.59	\$770.59
	25-29	\$141.18	\$241.18	\$282.35	\$382.35	\$211.76	\$361.76	\$426.47	\$576.47	\$285.29	\$488.24	\$576.47	\$779.41
	30-34	\$147.06	\$250.00	\$294.12	\$400.00	\$220.59	\$379.41	\$447.06	\$602.94	\$297.06	\$511.76	\$602.94	\$814.71
	35-39	\$158.82	\$273.53	\$320.59	\$435.29	\$241.18	\$414.71	\$488.24	\$658.82	\$326.47	\$558.82	\$658.82	\$891.18
	40-44	\$176.47	\$302.94	\$355.88	\$482.35	\$270.59	\$464.71	\$547.06	\$741.18	\$367.65	\$629.41	\$741.18	\$1,002.94
	45-49	\$200.00	\$344.12	\$405.88	\$550.00	\$311.76	\$532.35	\$626.47	\$847.06	\$423.53	\$723.53	\$852.94	\$1,152.94
	50-54	\$235.29	\$400.00	\$473.53	\$638.24	\$364.71	\$626.47	\$738.24	\$997.06	\$500.00	\$855.88	\$1,005.88	\$1,361.76
	55-59	\$279.41	\$476.47	\$561.76	\$761.76	\$441.18	\$755.88	\$891.18	\$1,202.94	\$605.88	\$1,038.24	\$1,223.53	\$1,652.94
	60-64	\$344.12	\$591.18	\$697.06	\$941.18	\$552.94	\$947.06	\$1,114.71	\$1,508.82	\$764.71	\$1,308.82	\$1,541.18	\$2,085.29
	65-69	\$450.00	\$770.59	\$905.88	\$1,226.47	\$729.41	\$1,247.06	\$1,470.59	\$1,988.24	\$1,011.76	\$1,732.35	\$2,041.18	\$2,758.82
	70+	\$567.65	\$973.53	\$1,147.06	\$1,552.94	\$926.47	\$1,588.24	\$1,870.59	\$2,529.41	\$1,288.24	\$2,205.88	\$2,597.06	\$3,514.71
Occ. 3	18-24	\$158.82	\$258.82	\$300.00	\$400.00	\$241.18	\$391.18	\$455.88	\$602.94	\$326.47	\$529.41	\$614.71	\$814.71
	25-29	\$161.76	\$261.76	\$305.88	\$402.94	\$244.12	\$394.12	\$458.82	\$608.82	\$329.41	\$532.35	\$620.59	\$823.53
	30-34	\$170.59	\$273.53	\$317.65	\$423.53	\$255.88	\$414.71	\$479.41	\$638.24	\$347.06	\$558.82	\$650.00	\$861.76
	35-39	\$185.29	\$297.06	\$347.06	\$458.82	\$279.41	\$452.94	\$526.47	\$697.06	\$379.41	\$611.76	\$711.76	\$944.12
	40-44	\$205.88	\$332.35	\$385.29	\$511.76	\$314.71	\$505.88	\$591.18	\$782.35	\$426.47	\$688.24	\$800.00	\$1,061.76
	45-49	\$232.35	\$376.47	\$438.24	\$582.35	\$358.82	\$582.35	\$676.47	\$897.06	\$491.18	\$791.18	\$920.59	\$1,220.59
	50-54	\$270.59	\$438.24	\$508.82	\$676.47	\$423.53	\$682.35	\$794.12	\$1,055.88	\$579.41	\$935.29	\$1,085.29	\$1,441.18
	55-59	\$323.53	\$520.59	\$605.88	\$805.88	\$511.76	\$826.47	\$958.82	\$1,273.53	\$702.94	\$1,132.35	\$1,317.65	\$1,750.00
	60-64	\$400.00	\$647.06	\$750.00	\$997.06	\$641.18	\$1,035.29	\$1,202.94	\$1,597.06	\$885.29	\$1,429.41	\$1,661.76	\$2,205.88
	65-69	\$520.59	\$841.18	\$979.41	\$1,297.06	\$844.12	\$1,364.71	\$1,585.29	\$2,105.88	\$1,170.59	\$1,891.18	\$2,200.00	\$2,920.59
	70+	\$658.82	\$1,064.71	\$1,238.24	\$1,641.18	\$1,073.53	\$1,732.35	\$2,017.65	\$2,676.47	\$1,491.18	\$2,408.82	\$2,800.00	\$3,717.65
Occ. 4	18-24	\$188.24	\$288.24	\$329.41	\$426.47	\$285.29	\$435.29	\$500.00	\$647.06	\$385.29	\$588.24	\$673.53	\$873.53
	25-29	\$191.18	\$291.18	\$335.29	\$432.35	\$288.24	\$441.18	\$502.94	\$655.88	\$391.18	\$594.12	\$679.41	\$882.35
	30-34	\$200.00	\$305.88	\$350.00	\$452.94	\$302.94	\$458.82	\$526.47	\$685.29	\$408.82	\$620.59	\$711.76	\$923.53
	35-39	\$217.65	\$332.35	\$379.41	\$494.12	\$332.35	\$502.94	\$576.47	\$750.00	\$447.06	\$679.41	\$779.41	\$1,011.76
	40-44	\$241.18	\$367.65	\$423.53	\$550.00	\$370.59	\$564.71	\$647.06	\$841.18	\$502.94	\$764.71	\$876.47	\$1,138.24
	45-49	\$276.47	\$417.65	\$479.41	\$623.53	\$426.47	\$647.06	\$741.18	\$961.76	\$579.41	\$879.41	\$1,008.82	\$1,308.82
	50-54	\$320.59	\$488.24	\$558.82	\$726.47	\$500.00	\$761.76	\$870.59	\$1,132.35	\$682.35	\$1,038.24	\$1,191.18	\$1,547.06
	55-59	\$382.35	\$579.41	\$664.71	\$864.71	\$602.94	\$917.65	\$1,052.94	\$1,367.65	\$829.41	\$1,261.76	\$1,447.06	\$1,876.47
	60-64	\$473.53	\$717.65	\$823.53	\$1,070.59	\$758.82	\$1,150.00	\$1,320.59	\$1,714.71	\$1,047.06	\$1,591.18	\$1,823.53	\$2,367.65
	65-69	\$614.71	\$935.29	\$1,073.53	\$1,394.12	\$997.06	\$1,517.65	\$1,738.24	\$2,258.82	\$1,385.29	\$2,102.94	\$2,411.76	\$3,132.35
	70+	\$779.41	\$1,182.35	\$1,355.88	\$1,761.76	\$1,270.59	\$1,929.41	\$2,211.76	\$2,870.59	\$1,764.71	\$2,679.41	\$3,073.53	\$3,988.24
Occ. 5	18-24	\$232.35	\$332.35	\$373.53	\$470.59	\$352.94	\$500.00	\$564.71	\$714.71	\$476.47	\$676.47	\$761.76	\$964.71
	25-29	\$235.29	\$335.29	\$379.41	\$476.47	\$355.88	\$505.88	\$570.59	\$720.59	\$479.41	\$682.35	\$770.59	\$973.53
	30-34	\$247.06	\$350.00	\$394.12	\$500.00	\$373.53	\$529.41	\$597.06	\$755.88	\$502.94	\$714.71	\$805.88	\$1,017.65
	35-39	\$267.65	\$382.35	\$429.41	\$544.12	\$408.82	\$579.41	\$652.94	\$826.47	\$550.00	\$785.29	\$882.35	\$1,117.65
	40-44	\$300.00	\$423.53	\$479.41	\$605.88	\$455.88	\$650.00	\$732.35	\$926.47	\$620.59	\$882.35	\$994.12	\$1,255.88
	45-49	\$338.24	\$482.35	\$544.12	\$688.24	\$523.53	\$744.12	\$841.18	\$1,061.76	\$711.76	\$1,014.71	\$1,144.12	\$1,444.12
	50-54	\$394.12	\$561.76	\$632.35	\$800.00	\$614.71	\$876.47	\$988.24	\$1,247.06	\$841.18	\$1,197.06	\$1,350.00	\$1,705.88
	55-59	\$470.59	\$667.65	\$752.94	\$952.94	\$744.12	\$1,058.82	\$1,191.18	\$1,505.88	\$1,020.59	\$1,452.94	\$1,638.24	\$2,067.65
	60-64	\$582.35	\$826.47	\$932.35	\$1,179.41	\$932.35	\$1,326.47	\$1,494.12	\$1,888.24	\$1,288.24	\$1,832.35	\$2,064.71	\$2,608.82
	65-69	\$758.82	\$1,076.47	\$1,214.71	\$1,535.29	\$1,229.41	\$1,747.06	\$1,970.59	\$2,488.24	\$1,702.94	\$2,423.53	\$2,732.35	\$3,452.94
	70+	\$958.82	\$1,361.76	\$1,535.29	\$1,941.18	\$1,561.76	\$2,220.59	\$2,505.88	\$3,164.71	\$2,170.59	\$3,085.29	\$3,479.41	\$4,397.06



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Attachment 2 – Accident Fixed Indemnity Payroll Deduction Annual Premiums**

	Basic Plan				Essential Plan				Enhanced Plan			
	Individual & Spouse/Domestic One-Parent				Individual & Spouse/Domestic One-Parent				Individual & Spouse/Domestic One-Parent			
	Individual	Partner	Family	Family	Individual	Partner	Family	Family	Individual	Partner	Family	Family
Occ. 1	\$150.00	\$285.29	\$341.18	\$476.47	\$229.41	\$438.24	\$526.47	\$732.35	\$311.76	\$594.12	\$714.71	\$994.12
Occ. 2	\$188.24	\$323.53	\$382.35	\$517.65	\$291.18	\$497.06	\$588.24	\$794.12	\$397.06	\$676.47	\$797.06	\$1,079.41
Occ. 3	\$220.59	\$352.94	\$411.76	\$547.06	\$338.24	\$544.12	\$632.35	\$841.18	\$458.82	\$738.24	\$858.82	\$1,141.18
Occ. 4	\$258.82	\$394.12	\$452.94	\$585.29	\$397.06	\$605.88	\$694.12	\$900.00	\$541.18	\$823.53	\$944.12	\$1,223.53
Occ. 5	\$317.65	\$452.94	\$511.76	\$647.06	\$491.18	\$697.06	\$785.29	\$994.12	\$667.65	\$947.06	\$1,067.65	\$1,350.00



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Attachment 3 -Accident Fixed Indemnity Durational Loss Ratios**

Policy Year	Earned Premium	Incurred Claims	Durational Loss Ratio
1	1,000.00	406.36	41%
2	774.95	315.05	41%
3	644.91	392.33	61%
4	562.27	338.65	60%
5	504.56	307.20	61%
6	455.08	277.72	61%
7	412.29	252.22	61%
8	375.36	230.37	61%
9	341.44	209.21	61%
10	310.28	190.17	61%
11	281.68	172.62	61%
12	255.42	156.44	61%
13	231.33	141.53	61%
14	209.26	127.34	61%
15	189.03	114.70	61%
16	170.52	103.10	60%
17	153.59	92.45	60%
18	138.14	82.70	60%
19	124.04	73.45	59%
20	111.20	65.38	59%
21	99.52	58.07	58%
22	88.92	51.41	58%
23	79.31	45.38	57%
24	70.63	39.69	56%
25	62.79	34.87	56%
26	55.73	30.58	55%
27	49.37	26.73	54%
28	43.67	23.29	53%
29	38.56	20.08	52%
30	33.99	17.46	51%
31	29.91	15.20	51%
32	26.27	13.19	50%
33	23.03	11.43	50%
34	20.15	9.82	49%
35	17.60	8.56	49%
36	15.34	7.51	49%
37	13.34	6.59	49%
38	11.58	5.81	50%
39	10.03	5.11	51%
40	8.66	4.58	53%
PV Discounted at 3.24%	6,202.32	3,411.35	55.0%



<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Loyal American Life Insurance Company
<b>TOI/Sub-TOI:</b>	H021 Individual Health - Accident Only/H021.000 Health - Accident Only		
<b>Product Name:</b>	LY-AI-BA		
<b>Project Name/Number:</b>	LY-AI-BA/LY-AI-BA		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	Cover Letter -DC updated.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Accident Fixed Indemnity Actuarial Memorandum.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Justification
<b>Comments:</b>	Actuarial memorandum is on rate tab and supporting documents.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	N/A-new filing, no experience to provide.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	



<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Loyal American Life Insurance Company
<b>TOI/Sub-TOI:</b>	H021 Individual Health - Accident Only/H021.000 Health - Accident Only		
<b>Product Name:</b>	LY-AI-BA		
<b>Project Name/Number:</b>	LY-AI-BA/LY-AI-BA		

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	Not required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	Not required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	





[P.O. Box 559004, Austin, TX 78755-9004]  
[Toll Free: 866-459-4272]

Filing Description:

Re: Loyal American Life Insurance Company  
NAIC # 65722 FEIN # 63-0343428

NEW POLICY FORMS DESCRIPTION

LY-AI-BA-B-DC	Accident Fixed Indemnity Policy
LY-AI-BA.SCH.PG -DC	Schedule Page
LY-AI-BENSCH.PG-DC	Benefits Schedule Page
LY-AI-OC-B-DC	Accident Fixed Indemnity Outline of Coverage
LY-AI-APP-B-DC	Accident Fixed Indemnity Application

Actuarial Memorandum Rates

The forms and rates described above are submitted for review and approval. These forms and rates are new and do not replace any forms or rates previously approved by your department. The policy forms and riders described above will provide scheduled payment for covered accidents and will be sold through licensed agents.

1. The following forms have been previously submitted under a recent Lump Sum Cancer and Heart filing (UTAC-129368051) approved on 2/21/2014.

LY-LSH-RD	Lump Sum Heart and Stroke Rider
LY-LSC-RD	Lump Sum Cancer Rider
LY-HICU-RD	Hospital and Intensive Care Unit Indemnity Benefit Rider
LY-HI-RD	Hospital Indemnity Benefit Rider
LY-ICU-RD	Intensive Care Unit Indemnity Benefit Rider
LY-ROP-D	Return of Premium Rider

2. To be used with previously approved endorsement L-4465 approved on 3-7-1995.

**PLEASE NOTE THAT THIS POLICY INCLUDES A BINDING ARBITRATION PROVISION.**

The documents were prepared on a personal computer and will ultimately be printed from another date processing system that may cause some print style and/or page spacing changes. However, there will not be any changes to the actual text of the contract other than listed or bracketed variables.

If there are any questions or comments, please call me at (866) 459-4272 extension 4945, or email me at [Ashley.Heath@cigna.com](mailto:Ashley.Heath@cigna.com).

Sincerely,  
Ashley Heath  
Compliance Senior Associate  
Loyal American Life Insurance Company



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Scope & Purpose**

The purpose of this Actuarial Memorandum is to file rates associated with the Accident Fixed Indemnity Policy Form Series LY-AI-BA. Please note that this is the initial rate filing for these forms. This memorandum includes a description of the product features underlying the product, as well as information related to the development of the premium rates. This memorandum is not intended to be used for any other purpose.

**Benefit Description**

The policy pays a fixed indemnity to covered individuals for expenses incurred as a result of a covered accident. The policy provides a pre-determined benefit amount based off of a pre-determined benefit schedule stated in the policy. Covered benefits can be categorized into the following:

- Accidental Injuries: Including surgical procedures, dislocations, fractures, burns, coma, concussions, dental work, eye injuries, paralysis and lacerations resulting from a covered accident.
- Hospital and Services: Including Hospital/ICU Admissions and Stays, Emergency Treatment, Follow-up and Rehab Treatment, Ambulance, Testing (Blood, Imaging), Appliances, Prosthetic Devices, Family Lodging and Transportation resulting from a covered accident.
- Accidental Death and Dismemberment (AD&D) resulting from a covered accident.

There are three benefit tiers - Basic, Essential and Enhanced. Scheduled benefit amounts vary by benefit tier, but the list of covered benefits is consistent across all levels of coverage.

**Underwriting**

The underwriting approach is guaranteed issue.

**Renewability**

This policy is guaranteed renewable to age 80.

**Issue Age Range**

Issue ages for this policy range from 18 to 74.

**Premium Classes**

Premium rates vary by five year issue age band, occupation class, family type (Individual, Individual & Spouse[/Domestic Partner], One-Parent Family and Family) and benefit tier. Premium rates are included within 'Attachment 1 – Accident Fixed Indemnity Annual Premiums'.

Premium rates for payroll deduction policies will vary by occupation class, family type and benefit tier. Premium rates for payroll deduction policies are included in 'Attachment 2 – Accident Fixed Indemnity Payroll Deduction Annual Premiums'.



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Morbidity**

Morbidity assumptions for this product (except for AD&D) were developed from internal affiliate company medical claim cost data, which primarily reflects the experience of employer-based medical plans. Claim costs were then adjusted to reflect expected differences for this product relative to those plans. The AD&D claim costs were developed from internal affiliate company experience for similar coverages on group insurance business, adjusted to reflect expected differences in claim costs for this product relative to those plans.

**Mortality**

Mortality used is 100% of the 2001 CSO Table, ALB.

**Persistency**

Voluntary lapse rates were developed by considering internal company experience for accident products, as well as the lapse rates for other products sold through similar distribution methods. The voluntary lapse rates used were as follows:

<b>Duration</b>	<b>Lapse</b>
1	25%
2	18%
3	14%
4	10%
5	9%
6	9%
7+	8%

The persistency rates are calculated as the complement of the voluntary lapse rates presented above.

**Interest Rate**

The interest rate assumed within pricing is 3.24%.

**Expenses, Taxes and Profit**

- Acquisition expenses are assumed to be \$25 per policy.
- Annual maintenance expenses are assumed to be \$20 per policy and 6.25% of premium. A 2% annual inflation assumption is applied to per policy maintenance expenses.
- Commissions will vary based upon the external distribution partner.
- Premium tax is assumed to be 2.0% of premium in all years.

**Area Factors**

There are no area factors for these forms. The rates will be the same throughout the state.



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

**Average Annual Premium**

The expected average annual premiums are \$378 for the Basic plan, \$588 for the Essential plan and \$803 for the Enhanced plan.

**Premium Modalization Factors**

<b>Premium Payment Mode</b>	<b>Electronic Funds</b>	<b>Direct Bill</b>	<b>Payroll Deduction</b>	<b>Credit Card</b>
<i>Monthly</i>	0.0850	N/A	0.0850	0.0850
<i>Quarterly</i>	0.2650	0.2650	0.2650	0.2650
<i>Semi-Annual</i>	0.5200	0.5200	0.5200	0.5200
<i>Annual</i>	1.0000	1.0000	1.0000	1.0000

**Claim Liability and Reserves**

Claim reserves will be set using appropriate actuarial methodology. There are currently no claim reserves held since these are new forms.

**Active Life Reserves**

Active life reserves will be set using appropriate actuarial methodology. There are currently no active life reserves held since these are new forms.

**Trend Assumptions**

No trend has been assumed in this filing.

**Minimum Loss Ratio**

The minimum acceptable loss ratio is 55.0%.

**Anticipated Loss Ratio**

The anticipated loss ratio is expected to be 55.0%. This loss ratio equals the present value of annual incurred benefits divided by the present value of annual premiums over the 40-year projection period. Durational loss ratios are included in 'Attachment 3 -Accident Fixed Indemnity Durational Loss Ratios'.

**Actuarial Certification**

I, Justin Somers, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.



**Loyal American Life Insurance Company**  
**Accident Fixed Indemnity**  
**Policy Form Series LY-AI-BA**  
**Actuarial Memorandum**

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. The rates were developed using reasonable assumptions. This actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may not be appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and if necessary, appropriate adjustments made to the premiums in a timely manner.

Submitted by:



Justin A. Somers, FSA, MAAA  
Fellow, Society of Actuaries  
Member, American Academy of Actuaries  
February 25, 2014